

**MOTION BY SUPERVISOR MARK RIDLEY-THOMAS**

**March 22, 2016**

**Expanding the Property Assessed Clean Energy Program**

The County of Los Angeles (County) launched a residential Property Assessed Clean Energy (PACE) Program in June 2015 in 86 participating cities and County unincorporated areas. The PACE Program provides a nimble and efficient strategy for financing renewable energy and energy efficiency projects; property owners receive financing for projects by entering into voluntary contractual assessments where the costs are paid through one's property tax bill. Since its launch nine months ago, the PACE Program has already exceeded expectations. Over 7,500 projects have been completed representing an investment of over \$190 million into the County's clean economy.

In order to ensure that PACE programs continue to be embraced by property owners, the County must continue to manage its PACE Program in a manner that prioritizes protections for all consumers. The County's PACE Program is administered by two program administrators, currently under contract with the Internal Services Department (ISD), that were selected through a competitive solicitation process. Their contracts include specific terms and conditions to prioritize consumer protections and homeowner disclosures.

In addition, ISD has contractually required a number of protocols to ensure consumer protection. For example, there are training modules and advertising policies to which contractors must adhere, as well as the requirement that a dispute resolution team be established to assist with addressing consumer questions and concerns. There is also an automated project review process to ensure that the staff reviews cases that are not aligned with the standard profile or criteria, such as applications from seniors for energy efficiency

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projects that would cause them to exceed a 50% utilization of their available credit line, or projects that would result in a high loan-to-value rate.

However, new PACE program providers are entering the market, specifically through individual municipalities, which only need to obtain approval from a city council or councils of governments to roll out a PACE program which is not subject to the County's extensive PACE Program requirements and consumer protection safeguards. Some cities within the County, including the City of Los Angeles, have already adopted other PACE programs, even though they are participating in the County's PACE Program, for purposes of offering their homeowners opportunities to work with non-County PACE program administrators.

The operation of multiple PACE programs, some under the County's contract and others that are not, is causing challenges and confusion among consumers who may not be able to easily navigate which jurisdiction is responsible for providing oversight. Also, non-County PACE program administrators are under no obligation to follow the stringent consumer protections, program disclosures and contractor quality control which the County's PACE Program requires.

The success of residential PACE programs in the County and throughout California depends on the application of consistent standards to all PACE program administrators. There are two opportunities to achieve consistent and high-quality standards. First, the County's two PACE Program administrators have adopted Residential PACE Industry Standards which govern their programs' design and implementation. The Residential PACE Industry Standards should be universally adopted by all PACE program administrators in the County.

Second, PACE program consistency would be achieved if all PACE program administrators could meet the County's contractual requirements. An expansion of the County's PACE Program would offer new providers an opportunity to work in 86 cities and County unincorporated areas, thereby creating access to a larger market, and in turn, create more competition in the market for potential PACE program consumers. Implementing the two conditions described above would help achieve uniform high-quality

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services and consumer protections while providing greater opportunities for the County to ensure responsible, consistent and effective delivery and management of a universal residential PACE program going forward.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

Direct the Director of the Internal Services Department, in coordination with the Treasurer and Tax Collector and County Counsel to:

1. Report back on a process that will allow for the expansion of the County of Los Angeles (County) PACE Program to include other administrators if they agree to meet the terms and conditions of the County's PACE Program, which includes a commitment to not engage in separate programs with individual cities, and adopt the County's legal framework for assessment bonds;
2. Immediately outreach to cities throughout the County to convey the importance of developing a coordinated, Countywide PACE Program that optimizes consumer protections including the development of a Countywide program and support for the Residential PACE Industry Standards;
3. Encourage the use of existing energy efficiency incentives (including Energy Upgrade California) through the PACE Program; and
4. Report to the Board of Supervisors in writing within 60 days with a proposed action plan.

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